

RECORDED 10922
OCT 22 1979-3 30 PM
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3-253A130

10922
OCT 22 1979
Date
Fee \$ 30.00

ICC Washington, D. C.

October 22, 1979

Mrs. Agatha L. Mergenovich
Secretary
Interstate Commerce Commission
Washington, D.C. 20423

Dear Madam:

Pursuant to 49 U.S.C. §11303(a) I enclose herewith on behalf of Upper Merion and Plymouth Railroad Company and American Leasing Investors, for filing and recordation, counterparts of the following:

Management and Maintenance Contract dated as of October 18, 1979 between Upper Merion and Plymouth Railroad Company and American Leasing Investors.

The addresses of the parties to the aforementioned agreement are:

Manager:

Upper Merion and Plymouth Railroad Company
Care of FSC Corporation
1000 RIDC Plaza, Suite 404
Pittsburgh, Pennsylvania 15238

Owner:

American Leasing Investors
660 Newport Center Drive
Newport Beach, California 92660

The equipment covered by the agreement consists of 58 100-ton open top hopper cars bearing the road numbers UMP 7200-7232, inclusive, and MPSX 2001-2025, inclusive.

10922
OCT 22 1979
FEE \$ 30.00

Countersigned - G. H. Hurwitz

Mrs. Agatha L. Mergenovich
page two
October 22, 1979

Enclosed is our check for \$50 for the required recordation fee. Please accept for recordation one counterpart of the enclosed agreement, stamp the remaining counterparts with your recordation number and return them to the delivering messenger along with your fee receipt, addressed to the undersigned.

Very truly yours,



Ronald M. Feiman
As Agent for Upper Merion and
Plymouth Railroad Company

RMF/mm
Encs.

Interstate Commerce Commission
Washington, D.C. 20423

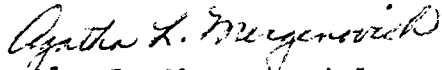
OFFICE OF THE SECRETARY

Ronald M. Feiman
Agent
Upper Merion & Plymouth RR Co.

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 10/22/79 at 3:30PM, and assigned re-recording number(s). 10922

Sincerely yours,


Agatha L. Mergenovich
Secretary

Enclosure(s)

10922
RECORDATION NO. Filed 1425
OCT 22 1979 - 3 30 PM
INTERSTATE COMMERCE COMMISSION

MANAGEMENT AND MAINTENANCE CONTRACT

Dated as of October 18, 1979

BETWEEN

UPPER MERION AND PLYMOUTH RAILROAD COMPANY

MANAGER

AND

AMERICAN LEASING INVESTORS

OWNER

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ATTACHMENTS TO MANAGEMENT AND MAINTENANCE CONTRACT

SCHEDULE A -- Description of Equipment
 SCHEDULE B -- Certificate of Acceptance
 Under Management and Maintenance
 Contract

MANAGEMENT AND MAINTENANCE CONTRACT

MANAGEMENT AND MAINTENANCE CONTRACT dated as of October 18, 1979 (this "Agreement") between UPPER MERION AND PLYMOUTH RAILROAD COMPANY, a Pennsylvania corporation ("Manager"), and AMERICAN LEASING INVESTORS, a California limited partnership ("Owner").

WITNESSETH:

WHEREAS, the Owner is acquiring the Equipment described in Schedule A hereto (collectively, the "Equipment" or "Items of Equipment" or "Cars" and individually, an "Item of Equipment" or "Car"); and

WHEREAS, the Manager is engaged in the business, among other things, of managing railroad cars, and the Owner and Manager desire that the Manager manage the Equipment, all upon the terms and conditions herein contained;

NOW THEREFORE, in consideration of these premises and of the fees to be paid and the covenants hereinafter contained the parties hereby agree as follows:

SECTION 1. MANAGEMENT AND DELIVERY OF EQUIPMENT.

1.1 Engagement. Owner hereby engages Manager as exclusive agent of Owner to manage the Cars, all on the terms and conditions set forth herein, and Manager accepts such engagement and agrees to act as agent for Owner and perform in accordance with the terms and conditions hereof.

1.2 Certification. Upon delivery of each Car, Manager shall execute and deliver to Owner and the manufacturer pursuant to the Agreement between Funding Systems Railcars, Inc. and the manufacturer described on Schedule A attached hereto a certificate of acceptance in the form of Schedule B hereto or otherwise acceptable to such manufacturer, certifying to Owner and such manufacturer that the Car is in good working order and repair, meets all requirements and standards (collectively the "Requirements") of the Association of American Railroads ("AAR"), U.S. Department

of Transportation ("DOT"), Interstate Commerce Commission ("ICC"), all other governmental agencies and authorities having jurisdiction, insurers, and local laws of jurisdictions in which the Car is expected to be used (collectively the "Authorities"), and all filings, registrations and approvals of the Authorities have been received and made and the Car may be placed in interchange service.

SECTION 2. REVENUES, MANAGEMENT FEES, OPERATING EXPENSES AND PAYMENT DATES.

2.1 Revenues from Equipment. As used in this Agreement, the term "Revenues" or "Gross Receipts" (which terms shall be interchangeable) shall mean all income and proceeds to Owner (unreduced by any expenses or costs) derived from the ownership, use and/or operation of the Cars, including, but not limited to, car hire charges for mileage, demurrage, per diem and incentive per diem, if any, proceeds of insurance and sale, indemnity payments, and condemnation awards. "Operating Expenses" shall mean all expenses and costs incurred, in accordance with this Agreement, in connection with the ownership, management, use and/or operation of the Cars, including, but not limited to the following: Maintenance; repairs; painting; costs of modifications and improvements; legal fees incurred in connection with enforcing Owner's rights or repossessing Cars; insurance; charges, assessments or levies imposed upon or against Cars of whatever kind or nature; losses from liabilities; ad valorem, gross receipts and other taxes which are Impositions (as defined in Section 10 hereof); rent and storage expenses payable to third parties under Section 16; expenses for any car hire reclaim relief properly and reasonably allowed any railroad; and Management Fees (as hereinafter defined). Operating Expenses shall not include any of Manager's general overhead or internal administrative expenses. Net Revenues shall mean Gross Receipts less Operating Expenses. If the Revenues available are insufficient in any quarter to pay Operating Expenses, Manager shall advance, on behalf of Owner, an amount equal to such deficiency as and when required and Owner shall reimburse Manager therefor within 30 days after notice thereof following the end of such quarter, it being agreed that all Operating Expenses in excess of Gross Receipts shall be Owner's sole responsibility; provided, however, that Owner need not reimburse for Management Fees within such thirty (30) day period. However, any Management Fees accrued but not paid out of Revenues as herein provided prior to the expiration

of this Agreement shall be due and payable by Owner in all events within 30 days after a final account thereof is rendered. Debt service shall not be deemed an Operating Expense.

Manager shall collect on behalf of Owner all Revenues and deposit the same to a bank account to be established by Owner and maintained throughout this Agreement solely for the purpose of receiving and disbursing Revenues. Such account may be carried in Manager's name but always in such a manner as to indicate the custodial nature thereof by Manager and Owner's interest therein. Manager shall have signatory authority over such account. To the extent of such Revenues, Manager shall disburse them on behalf of Owner in the following order of priority:

(i) First, to pay all Operating Expenses theretofore incurred but not paid;

(ii) second, to reimburse Manager for all Operating Expenses advanced by Manager, which advances have not been reimbursed by Owner whether or not such reimbursement is required hereunder; and

(iii) third, to pay the balance to Owner as provided in Section 2.3 hereof.

Owner hereby delivers to Manager, and Manager hereby acknowledges receipt of, a check in the amount of \$10,000 as an advance against Operating Expenses other than Management Fees. The proceeds of this check are not Revenues and the amount thereof shall be returned to Buyer upon the termination of this Agreement to the extent not used for Operating Expenses.

2.2 Management Fees. For purposes of this Section 2.2 Gross Receipts or Revenues shall not include proceeds derived from sale, financing, indemnity payments, insurance, condemnation awards, refunds of amounts theretofore paid as Operating Expenses, other tax refunds, casualty or other items of like nature. In consideration of the performance by Manager of services to be performed by Manager pursuant to this Agreement, Owner shall pay, and Manager shall accept, fees

("Management Fees") as hereinafter set forth. For purposes hereof, "Maximum Utilization" of the Equipment subject to this Agreement in any period shall mean the amount of Revenues which would be earned by such Equipment, assuming such Equipment were earning per diem payments for twenty-four (24) hours of each day of such period plus car hire charges for 50 miles per day per Car during such period. The Management Fees payable to Manager hereunder shall equal 10% of all Gross Receipts accrued during each calendar quarter (or fraction thereof at the beginning or end of this Agreement) during this Agreement; provided, however, that if Gross Receipts accrued during any calendar quarter (or such fraction thereof) exceeds 85% of Maximum Utilization for such quarter (or such fraction thereof), then Manager shall be entitled to Management Fees (in addition to those provided for above) equal to 39% of such excess; and further provided that if Gross Receipts accrued during any calendar quarter (or such fraction thereof) are less than 65% of Maximum Utilization during such quarter (or such fraction thereof), the Management Fees accrued during such quarter (or fraction thereof) shall be reduced from 10% of such Gross Receipts to 4% thereof. Management Fees accrued during any calendar quarter (or such fraction thereof) shall be disbursed to Manager within 30 days after the end of such quarter (or fraction thereof).

In the event Owner exercises its option to terminate this Agreement after September 18, 1985 as provided in Section 3 hereof, and if Gross Receipts derived during the period from the commencement of this Agreement to its termination pursuant to Section 3 hereof had been 65% or more of Maximum Utilization for such period, Owner shall pay to Manager (in addition to the Management Fees provided above) additional Management Fees equal to 10% of all Gross Receipts accrued during such period except as provided in Section 22 hereof.

2.3 Revenue Disbursement Dates. Net Revenues shall be disbursed by Manager to Owner, at its address set forth elsewhere in this Agreement, in quarterly installments within 30 days after the end of each calendar quarter accompanied by a statement indicating the computation thereof. The first installment of such Net Revenues shall be so disbursed on January 31, 1980. If any of the disbursement dates is not a business day, the disbursement otherwise to be made on such date shall be made on the next succeeding business day. For purposes of this Agreement, the term "business day" means calendar days, excluding Saturdays, Sundays and holidays on which banks in the Commonwealth of Pennsylvania are authorized or required by law to remain closed.

2.4 Annual Reports. Within 90 days after the close of each calendar year Manager will deliver to Owner statements of Gross Receipts, Operating Expenses and Net Revenues for such year on the cash and accrual bases (the "Statements"), and a report of such independent certified public accountants as are then acting as accountants to Manager, as to their opinion as to the mathematical correctness of the computations made by Manager in the Statements. Manager shall use its best efforts to obtain from such accountants its opinion as to the fairness of the Statements after an examination in conformity with generally accepted auditing standards. The cost of preparing the Statements and of obtaining the reports of such accountants shall be Operating Expenses hereunder. If such review shall disclose any overpayment or underpayment of Net Revenues or Management Fees, the amount thereof shall be promptly adjusted pursuant to the provisions of this Agreement; however, such adjustments shall not be conclusive and binding upon Owner.

SECTION 3. DURATION OF THE AGREEMENT.

This Agreement as to each Item of Equipment shall begin on the date of the delivery to and certification by Manager of such Item of Equipment as provided in Section 1.2 hereof and, subject to the provisions of Section 15 hereof, shall continue through and including April 30, 1995; provided, however, that, upon not less than 30 days prior written notice from Owner to Manager, Owner shall have the option to terminate this Agreement with respect to all but not part of the Equipment at any time after September 18, 1985. The obligations of Owner and Manager hereunder arising during this Agreement shall survive the termination of this Agreement.

SECTION 4. OWNERSHIP AND MARKING OF EQUIPMENT.

4.1 Retention of Title. Owner shall and hereby does retain full legal title to the Equipment notwithstanding the delivery thereof to, and management thereof by, Manager.

4.2 Duty to Number and Mark Equipment. Manager will keep and maintain, plainly, distinctly, permanently and conspicuously marked by a plate or stencil printed upon each side of each Item of Equipment in letters not less than one

inch in height such labeling or legend as from time to time may be required by Requirements in order to protect the title of Owner to such Item of Equipment, its rights under this Agreement and pursuant to the Requirements. Manager will not place any such Item of Equipment in operation or exercise any control or dominion over the same until UMP markings (or those of a permitted User, if appropriate) and any required label or legend shall have been so marked on both sides thereof and will replace promptly any such names and word or words or markings, labels or legends which may be removed, defaced or destroyed. Owner consents to the indentifying markings and numbers set forth in Schedule A hereto, and Manager agrees not to change the indentifying marking and number, label or legend of any Item of Equipment except with the prior consent of Owner in accordance with a statement of new indentifying numbers, labels or legends to be substituted therefor, which consent and statement previously shall have been filed with Owner by Manager and filed, recorded or deposited in all public or other offices where this Agreement shall have been or shall be required by the Agencies to be filed, recorded or deposited, and the Manager shall have furnished to Owner an opinion of counsel to such effect. In connection with the foregoing sentence, Owner hereby consents to the marking of an Item of Equipment to reflect the interest of any lessee as lessee of Equipment in such Equipment, and Manager agrees to remove such marking upon the expiration of any such lease of Equipment.

4.3 Prohibition Against Certain Designations.

Except as provided in this Section 4 or 22 hereof, Manager will not allow the name of any person, association or corporation to be placed on the Equipment as a designation that might be interpreted as a claim of ownership; provided, however, that Manager may cause the Equipment to be lettered with the names or initials or other insignia customarily used for convenience of identification.

SECTION 5. DISCLAIMER AND ENFORCEMENT OF WARRANTIES

OWNER MAKES NO WARRANTIES OR REPRESENTATIONS OF ANY KIND OR NATURE, EXPRESS OR IMPLIED, CONCERNING THE EQUIPMENT, ITS CONDITION, ITS FITNESS FOR A PARTICULAR PURPOSE, ITS MERCHANTABILITY OR WITH RESPECT TO PATENT INFRINGEMENT OR THE LIKE. EXCEPT AS SPECIFICALLY PROVIDED FOR HEREIN, OWNER SHALL, IN NO EVENT, BE LIABLE TO MANAGER FOR ANY INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGES CAUSED, DIRECTLY OR INDIRECTLY, BY THE EQUIPMENT OR ANY INADEQUACY

THEREOF FOR ANY PURPOSE, OR ANY DEFICIENCY OR DEFECT THERE-
IN, OR THE USE OR MAINTENANCE THEREOF, OR ANY REPAIRS,
SERVICING OR ADJUSTMENTS THERETO, OTHER THAN AS PROVIDED
IN SECTION 2.1 HEREOF.

So long as no Event of Default has occurred and
is continuing hereunder, Owner hereby authorizes Manager,
and Manager hereby agrees, during this Agreement to assert and
enforce, from time to time, in the name and for the account of
Owner whatever claims and rights Owner may have against any
builders or contractors in respect in respect of the Equipment.

SECTION 6. DUTIES OF MANAGER AND INDEMNIFICATION.

6.1 Duties of Manager. Manager shall, during this
Agreement:

(a) Immediately upon execution of this
Agreement, or as soon thereafter as reasonably practicable,
take possession of the Cars as agent for Owner pursuant to
Section 2.1(a) hereof for the purpose of managing and
operating the Cars, as herein provided;

(b) subject to the lease agreement referred
to in Schedule A annexed hereto, use its best efforts to keep
such Cars in use during this Agreement, with railroads,
shippers or other financially responsible parties ("Users")
for that purpose on terms and conditions which are customary
in the industry and pursuant to the Regulations and take such
steps as may be required to insure that all obligations and
duties arising thereunder are performed or complied with in an
orderly and timely fashion, all so as to maximize Revenues
hereunder; provided, however, that during the first 12 month
period following the commencement of this Agreement, Manager
will not enter into any shipper leases having a term in excess
of three months without Owner's prior written consent which
shall not be unreasonably withheld or delayed and thereafter
Manager will not enter into any shipper leases having a term
in excess of one year without such consent;

(c) cause the obligations of Owner, as lessor,
under any lease of Cars to be fully and faithfully performed;

(d) use its best efforts to cause the Equipment
to be and remain exempt from the application of Rules 1 and 2
of the AAR Code of Car Service Rules;

(e) use its best efforts to insure that all steps are taken which may be necessary to have the Cars registered and accepted by all hauling carriers under the AAR;

(f) use its best efforts to collect or cause to be collected all Gross Receipts, indentifying itself as agent for that purpose;

(g) pay Operating Expenses promptly when due and account for and remit all sums due to Owner as herein provided;

(h) use its best efforts to recover possession of Cars and enforce all rights of Owner with respect thereto, including the payment of all amounts owed thereunder or otherwise with respect to the Cars as shall be appropriate or necessary in the judgment of Manager exercised in good faith; and institute and prosecute legal proceedings in the name of Owner if permitted and/or recover possession of the Cars; and, when expedient, settle, compromise and/or release such actions or suits;

(i) place in Owner's name such insurance as is hereinafter required;

(j) pay in Owner's name all personal property taxes and other taxes, charges, assessments, or levies imposed upon or against the Cars or Owner (in connection with the Cars) of whatever kind or nature and, in Manager's discretion, defend against any such charges and seek revision of or appeal from any assessment or charge deemed improper, all such actions to be in the name of Owner;

(k) use its best efforts to monitor and record, or cause to be monitored and recorded, all movement of the Cars;

(l) maintain, or cause to be maintained, complete and accurate records of all transactions relating to the Cars;

(m) provide Owner with advice and recommendations concerning the sale of the Cars;

(n) furnish such information as is reasonably requested by Owner in connection with Federal, State and other governmental authority tax returns;

(o) use its best efforts to furnish to Owner such other information available to Manager as shall from time to time be required by Owner to prepare reports required to be filed by Owner pursuant to either of Sections 12 or 15(d) of the Securities Exchange Act of 1934, as amended; and

(p) perform for Owner such other services incidental to the foregoing as may from time to time be reasonably necessary.

All of the foregoing duties of Manager shall be subject to the further detailed provisions, if any, of this Agreement relating thereto, and shall be performed in good faith in the best interests of Owner.

6.2 Limitations on Authority of Manager. Notwithstanding any provisions of this Agreement, Manager shall not have any authority without the express consent of Owner to:

(a) offer for sale, contract or agree to sell or sell or grant any right of first refusal to purchase any Cars;

(b) except as may be required or permitted under Section 7, incur as a result of maintenance, repair, alteration, modification, improvement or addition to or maintenance of the Cars expenses in excess of \$800 per Car per year, provided that in any year subsequent to 1980 such amount of \$800 shall be adjusted by the increases in the labor rate established by the AAR or the U.S. Wholesale Price Index for Metal and Metal Products, and in no event to take any action,

regardless of cost, which reduces the value or utility of any Car.

(c) commence or, unless Manager is personally named, defend against any litigation relating to the Cars.

6.3 Conflicts of Interest. Owner understands that Manager, during this Agreement, may own and/or manage other railroad cars, some of which may be similar to the Cars. Manager agrees to manage the Cars as a fiduciary to Owner on a fair and equitable basis in relation to such other railroad cars and, without limiting the generality of the foregoing, Manager agrees to the extent it has control over such actions, to perform its obligations pursuant to subparagraph (b) of Section 6.1 and otherwise to cause the Cars to be operated in a manner which will not give preferential treatment to such other railroad cars.

6.4 Indemnification by Owner. Except as provided below, Owner shall defend (if such defense is tendered to Owner in a timely fashion), indemnify and hold Manager harmless from and against any and all claims, actions, damages, expenses (including reasonable attorneys' fees), losses or liabilities incurred by or asserted against Manager as a result of the use, operation, possession, control, maintenance, repair or storage of the Cars; provided, however, that Owner shall not defend, indemnify or hold Manager harmless from and against and Manager shall not be exculpated from, any claim, action, damage, expense, loss or liability directly or indirectly caused by or arising from the negligence, bad faith, or misconduct of Manager or default by Manager hereunder. Owner shall not be required so to defend, indemnify or hold Manager harmless to the extent any of such claims, actions, damages, expenses, losses, liabilities are covered by insurance, unless so required by such insurance.

6.5 Indemnification by Manager. Manager shall defend, indemnify and hold Owner harmless from and against any and all claims, actions, damages, expenses (including reasonable attorneys' fees), losses or liabilities asserted against Owner as a result of the negligence, bad faith, or misconduct of Manager or default by Manager hereunder.

SECTION 7. RULES, LAWS AND REGULATIONS.

Manager shall cause the Equipment to comply, and require every User of an Item of Equipment to comply, in all respects with all Requirements. In the event that such Requirements require any alteration of an Item of Equipment, or in the event that any part or appliance of an Item of Equipment shall be required to be changed or replaced, or in the event that any additional or other equipment or appliance is required to be installed on an Item of Equipment in order to comply with such Requirements ("Mandatory Alteration"), Manager shall make such alterations, changes, replacements and additions; provided, however, that Manager shall, in good faith, contest the validity or application of any such law or rule, which it is customary in normal railcar operations to contest, in any reasonable manner which does not, in the opinion of Owner adversely affect the property or rights of Owner.

SECTION 8. MAINTENANCE OF EQUIPMENT.

Manager shall permit the Equipment to be used only in the manner for which it was designated and intended and so as to subject it only to ordinary wear and tear. Manager shall maintain and keep each Item of Equipment in good order, condition and repair so that each Item will remain (a) in as good operating condition as when delivered (ordinary wear and tear excepted), (b) in compliance with any and all Requirements and insurance policies, and (c) desirable to use and suitable for use by a Class I railroad.

SECTION 9. LIENS CAUSED BY MANAGER

Manager will promptly pay or discharge any and all sums claimed by any party as a result of the wrongful act or default in the performance by Manager of its obligations under this Agreement which, if unpaid, might become a lien, charge, security interest or other encumbrance upon or with respect to any Item of Equipment, including any accession thereto, or any part thereof or the interest of Owner therein, and will promptly discharge any such lien, claim, security interest or other encumbrance which arises; provided, however, that Manager shall be under no obligation

to pay or discharge such claim so long as it is contesting the validity thereof in good faith in a reasonable manner and by appropriate legal proceedings and the nonpayment thereof does not, in the opinion of Owner, adversely affect the title, property or rights of Owner or any assignee thereof. If any such claim shall have been charged or levied by anyone and in any manner against Owner directly and shall have been paid by Owner, Manager shall reimburse Owner on presentation of an invoice therefor, provided that Owner shall have been legally liable with respect thereto (as evidenced by an opinion of counsel for Owner) or Manager shall have approved the payment thereof.

SECTION 10. FILING, PAYMENT OF EXPENSES AND TAXES.

10.1 Filing, Expenses. Promptly following the execution and delivery of this Agreement, Manager will cause this Agreement to be duly filed, registered or recorded with ICC in accordance with 49 U.S.C. Section 11303 and in such other places within or without the United States as Owner may reasonably request for the protection of its title and will furnish to Owner the proof thereof. Manager will, from time to time, do and perform any other act and will execute, acknowledge, deliver, file, register and record (and will refile, re-register or record whenever required) any and all further instruments required by law or reasonably requested by Owner for the purpose of protecting Owner's title to the Equipment to the satisfaction of Owner's counsel or for the purpose of carrying out the intention of this Agreement, and in connection with any such action will promptly deliver to Owner proof of such filing and an opinion of Manager's counsel that such action has been properly taken. Manager shall prepare for filing all documents relating to the registration, maintenance and recordkeeping functions for the Equipment in accordance with the Requirements of the Authorities. Such matters shall include (without limitation) the preparation of the following documents: (i) appropriate AAR interchange agreements with respect to the Equipment; (ii) registration of each Item of Equipment in the Official Railway Equipment Register and the Universal Machine Language Equipment Register (such registration directing that correspondence from railroads using such Items of Equipment be addressed to Manager); and (iii) such reports as may be required from time to time by ICC and other regulatory agencies with respect to the Equipment. Manager will pay or cause to be paid all costs, charges and expenses in-

cident to any such filing, refiling, recording and rerecording or depositing and redepositing of any such instruments or incident to the taking of such action, but the same shall be deemed Operating Expenses.

10.2 Payment of Taxes. Manager shall cause to be paid, as Operating Expenses, any local, state, federal or foreign taxes (other than any United States federal, state or local income tax payable by Owner or Manager on Revenues) or license fees, assessments, charges, fines, interest and penalties hereinafter levied or imposed upon or in connection with or measured by this Agreement or any sale, possession, rental, use, payment, shipment, delivery or transfer of title under the terms hereof or in connection with the transactions contemplated herein (all such expenses, taxes, license fees, assessments, charges, fines, interest and penalties being hereinafter called Impositions). Manager will also cause to be paid promptly as Operating Expenses all Impositions which may be imposed upon any Item of Equipment or for the use or operation thereof or upon the Revenues arising therefrom (except as provided above) or upon Owner solely by reason of its ownership thereof and will keep at all times all and every part of such item of Equipment free and clear of all Impositions which might in any way affect the title of Owner or result in a lien upon any such Item of Equipment; provided, however, that Manager shall not pay any Imposition of any kind so long as it is contesting in good faith and by appropriate legal proceedings such Imposition (and Manager agrees to contest those which it is customary in normal railcar operations to contest), provided that the nonpayment thereof does not, in the opinion of Owner, adversely affect the title, property or rights of Owner hereunder.

In the event any reports or returns with respect to Impositions are required to be made, Manager will either make such reports in such manner as to show the interests of Owner in such Items of Equipment or notify Owner of such requirements and make such reports in such manner as shall be satisfactory to Owner.

SECTION 11. CAR HIRE RELIEF.

Manager shall have the authority to enter into arrangements with railroads to grant car hire reclaim relief in Manager's discretion in good faith when deemed prudent to maximize Revenues.

SECTION 12. INSURANCE.

12.1 Insurance.

(a) Manager will maintain or cause to be maintained at all times during this Agreement (and thereafter during the period in which the Equipment is being returned or stored pursuant to Section 14 hereof), with Aetna Life and Casualty or such other reputable insurance carriers and through such brokers as shall be directed by Owner, (x) property insurance, which shall be in amount equal to 105% of the initial purchase price per Car, insuring against loss and destruction of, and damage to, such Item of Equipment arising out of physical damage caused by fire, windstorm, explosion, and all other hazards and risks ordinarily subject to extended coverage insurance, and against such other hazards and risks as are customarily insured against by companies owning or operating property of a similar character or engaged in a business similar to that engaged in by Manager with a deductible amount not in excess of \$500 per Item of Equipment, and (y) any other policies of insurance reasonably requested by Owner. All such insurance policies shall (i) name Owner and any other party designated by Owner as insureds as their respective interests may appear, (ii) provide that the policies will not be invalidated as against Owner or such other party because of any violation of a condition or warranty of the policy or in the application therefor by Manager, (iii) provide that the policies may be materially altered or cancelled by the insurer only after thirty (30) days prior written notice to Owner or such other party, and (iv) provide that all of the provisions thereof except the limits of liability (which shall be applicable to all insureds as a group) and liability for premiums shall operate in the same manner as if they were a separate policy covering each insured and shall be primary without right of contribution

contribution from any insurance carried by Owner. Such insurance policies shall not have any co-insurance clauses or shall be in an amount sufficient to avoid co-insurance.

(b) Manager will procure and maintain during this Agreement (and thereafter during the period in which the Equipment is being returned or stored pursuant to Section 14 hereof), with Aetna Life and Casualty or such other reputable insurance carriers and through such brokers as shall be directed in writing by Owner, comprehensive general liability insurance against bodily injury and third party property damage for each Item of Equipment with liability limits not less than \$3,000,000 and with no deductible. All such insurance policies shall (i) name Owner and any other party designated by Owner as insureds as their respective interests may appear, (ii) provide that the policies will not be invalidated as against Owner or such other party because of any violation of a condition or warranty of the policy or the application therefor by Manager or User, (iii) provide that the policies may be materially altered or cancelled by the insurer only after thirty (30) days prior written notice to Owner or such other party, and (iv) provide that all of the provisions thereof except the limits of liability (which shall be applicable to all insureds as a group) and liability for premiums shall operate in the same manner as if they were a separate policy covering each insured and shall be primary without right of contribution from any insurance carried by Owner.

(c) Manager shall procure and maintain during this Agreement such other insurance, including business interruption insurance, or different amounts or limits as Owner may, from time to time, reasonably direct in writing or, if Manager is unable so to do, Owner may do so and be reimbursed therefor from Revenues as an Operating Expense.

Manager shall deliver to Owner, prior to the commencement hereof for any Item of Equipment (and at such other time or times as Owner may reasonably request) and from time to time, but within at least 45 days prior to the expiration date of each policy of such insurance in respect to insurance to be renewed by Manager, a certificate signed by a firm of independent insurance brokers appointed by Owner, or if not, appointed by the Manager and not objected to by Owner, showing the insurance then maintained, or to be maintained in the case of renewals, by Manager pursuant to this Section 12

with respect to the Items of Equipment and the expiration date of each policy of such insurance, and stating the opinion of said firm that the insurance then carried and maintained, or to be carried and maintained, on or with respect to the Items of Equipment complies, or will comply, as the case may be, with the terms hereof; provided, however, that Owner shall be under no duty to examine such certificate, opinion or other evidence of insurance, or to advise Manager in the event that its insurance is not in compliance with this Agreement. Copies of all policies will be furnished to Owner promptly upon request.

In the event of failure on the part of Manager to provide and furnish any of the aforesaid insurance, Owner, upon notice to Manager, may procure such insurance and Manager shall reimburse Owner out of Revenues for all expenditures made by Owner for such insurance, provided, however, that such expenditures are and shall continue to be an Operating Expense.

12.2 Application of Insurance Proceeds.

If any Item of Equipment is rendered unusable as a result of any physical damage to, or destruction of, the Equipment, Manager shall give to Owner immediate notice thereof. Manager shall determine within fifteen (15) days after the date of occurrence of such damage or destruction, whether such Item of Equipment can be repaired. In the event Manager determines that the Item of Equipment cannot be repaired, insurance proceeds shall be disbursed as provided above in Section 12.1(a)(i) and this Agreement shall terminate with respect to such Item of Equipment, except for obligations theretofore accrued hereunder. In the event Manager has determined that such item can be repaired and (a) insurance proceeds, liability or casualty or similar payments received, plus the sum of the deductible and 5% of the fair market value of such Item immediately prior to such damage thereto, are sufficient to cover the repairs, or (b) Manager has advised Owner of the cost thereof and received the consent of Owner thereto, Manager shall cause such Item of Equipment to be promptly repaired as an Operating Expense.

SECTION 13. STATUS REPORTS AND INSPECTION.

13.1 Status Reports. On or before November 15, in each year of this Agreement, commencing with the year

1980, Manager will furnish to Owner an accurate statement as of the end of the preceding calendar year signed by the President or any Vice President of Manager (a) showing the numbers of the Items of Equipment then managed hereunder, the amount, description and numbers of all Items of Equipment that have suffered any damage or loss during such calendar year (or since the date of this Agreement, in the case of the first such statement), and such other information regarding the condition or repair of the Equipment as Owner may reasonably request, (b) stating that, in the case of all Equipment repainted during the period covered by such statement, the markings required by Section 4 hereof shall have been preserved or replaced, (c) describing the insurance coverage maintained by Manager pursuant to Section 12.1 hereof, and (d) stating that a review of the activities of Manager during such year has been made under his supervision with a view to determining whether Manager has kept, observed, performed and fulfilled all of its obligations under this Agreement and that to the best of his knowledge, Manager has during such year kept observed, performed and fulfilled all such covenants, obligations and conditions contained or referred to herein, or if an Event of Default, or an event which with the passage of time or the giving of notice or both would cause an Event of Default, has occurred and is continuing, specifying such Event of Default and all such events and the nature and status thereof and what action Manager proposes to take with respect thereto.

13.2. Owner's Inspection Rights. Owner shall have the right, at its sole cost and expense, by its authorized representative, to inspect the Equipment and Manager's records with respect thereto, at such times during normal business hours as shall be reasonable to confirm to Owner the existence and proper maintenance thereof during the continuance of this Agreement.

13.3. Other Reports and Inspection Rights. Manager agrees that it will furnish, or cause to be furnished to Owner, such additional information as Owner may reasonably request concerning Manager, in order to enable Owner to determine whether the covenants, terms and provisions of this Agreement have been complied with by Manager.

Owner (or such persons as it may designate) may visit and inspect and examine as shall be reasonable the records or books of account of Manager relating to the

Equipment and to discuss the affairs, finances and accounts of Manager relating to the Equipment with its officers and independent accountants, upon prior notice to Manager, during normal business hours.

SECTION 14. RETURN OF EQUIPMENT UPON EXPIRATION OF TERM.

Upon the expiration of this Agreement with respect to any Item of Equipment other than upon an Event of Default, Manager will, at the cost and expense of Owner, deliver possession of such Item of Equipment to Owner upon such storage tracks within the continental United States and store the Equipment on such tracks for a period not exceeding 90 days and/or transport the same at any time within such 90-day period to any connecting carrier for shipment, all as directed by Owner upon not less than thirty-five (35) days written notice to Manager. During any such storage period Owner or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any Item of Equipment may inspect the same. All movement and storage of each Item of Equipment is to be at the risk and expense of Owner except in the case of negligence or willful misconduct of Manager, or of its employees or agents, resulting in the death of any person, any injury to any person or property or any damage to the Equipment while delivering possession of it to Owner or storing it in accordance with this Section. All Revenues earned in respect to the Equipment after the date of termination of this Agreement, or any extension thereof, shall belong to Owner and, if received by Manager, shall be promptly turned over to Owner.

SECTION 15. DEFAULT.

15.1 Events of Default. If, during the continuance of this Agreement, one or more of the following events (each such event being herein called an Event of Default) shall occur and, if not otherwise provided, Owner has given notice thereof to Manager (although Manager shall not have time to cure except as expressly provided below):

(a) Default shall be made in the disbursement to Owner of any part of the Net Revenues to be disbursed to Owner as provided in Section 2 hereof, and such default shall continue unremedied for ten days thereafter provided that Owner shall have given notice to Manager, not less than 10 nor more than 60 days prior to the expiration of such 10 day period, that such payment was due; or

(b) any representation or warranty made herein or in any written instrument, certificate or report furnished to Owner pursuant hereto shall have been untrue in any material respect when made, such untruth shall have caused loss or damage to Owner, and such loss or damage shall not have been repaired by Manager within 30 days of written notice from Owner as to the existence thereof; or

(c) any statement made by Manager to Owner in any instrument, certificate or report hereinafter furnished by Manager to Owner pursuant to this Agreement or any representation or warranty made herein contains any material misstatement which is adjudicated to have been made with the intent to deceive; or

(d) default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of Manager contained herein and such default shall continue thirty (30) days, after written notice from Owner specifying the default and demanding the same to be remedied; or

(e) if Manager shall:

(i) cease doing business as a going concern;

(ii) admit in writing its inability to pay its debts generally as they become due;

(iii) file a petition in bankruptcy or a petition to take advantage of any insolvency act;

(iv) make an assignment for the benefit of its creditors;

(v) consent to the appointment of a receiver for itself or for the whole or any substantial part of its property;

(vi) on a petition of bankruptcy filed against it, (x) file an answer admitting the material allegations of such petition, (y) consent to or acquiesce in the appointment of a trustee, receiver or liquidator of it or of all or any substantial part of its assets or properties or (z) be adjudicated a bankrupt; or

(vii) take any action looking to its dissolution or liquidation; or

(viii) file a petition or answer seeking reorganization or arrangement under the bankruptcy laws or any other state or federal law for the relief of debtors; or

(f) if a court of competent jurisdiction shall enter an order, judgment or decree appointing, with or without the consent of Manager, a receiver for Manager or the whole or any substantial part of its property, or approving a petition filed against it seeking reorganization or arrangement of Manager under the bankruptcy laws or any other state or federal law for the relief of debtors, and such order, judgment or decree shall not be vacated or set aside or stayed within thirty (30) days from the date of entry thereof; or

(g) if, under the provisions of any other law for the relief of debtors, any court of competent jurisdiction shall assume custody or control of Manager or the whole or any substantial part of its property, with or without the consent of Manager, and such custody or control shall not be terminated or stayed within thirty (30) days from the date of assumption of such custody or control; or

(h) if Manager shall attempt to sell, grant a right of first refusal, transfer, encumber or assign or sublet (except as permitted hereunder) any of the Equipment;

(i) if there shall have been entered against Manager a final judgment for the payment of money in excess of \$50,000, which shall have been undischarged for a period

of 60 days during which execution shall not have been effectively stayed;

then, in any such case, Owner at its option, may:

(1) proceed by appropriate court action or actions, either at law or in equity, to enforce performance by Manager of the applicable covenants of this Agreement or to recover damages for the breach thereof, including reasonable attorneys' fees and expenses; or

(2) by notice in writing to Manager, terminate this Agreement, whereupon all right of Manager to manage of the Equipment shall absolutely cease and terminate as though this Agreement had never been made, but Manager shall remain liable as hereinafter provided; provided, however, that Owner shall have the right to recover from Manager, and Manager shall have the right to recover from Owner, any and all amounts which under the terms of this Agreement may be then due or which may have accrued to the date of such termination.

In addition, Manager shall be liable during or after the exercise of any of the foregoing remedies, for all reasonable attorneys' fees and other expenses by reason of the occurrence of an Event of Default or the exercise of Owner's remedies in respect thereto and for damages as provided by law.

15.2 Cumulative Remedies. The remedies in this Agreement, provided in favor of Owner shall not be deemed exclusive, but shall be cumulative and may be exercised concurrently, and shall be in addition to all other remedies in its favor existing at law or in equity.

15.3 Owner's Exercise of its Rights. The failure or delay of Owner to exercise the rights granted it hereunder upon any occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies or similar contingencies. The singular or partial exercise of any such right shall also not preclude any other or further

exercise thereof, or the exercise of any other right of Owner hereunder.

SECTION 16. RETURN OF EQUIPMENT UPON DEFAULT.

If Owner or its assigns shall terminate this Agreement pursuant to Section 15 hereof, Manager shall forthwith deliver possession of the Equipment to Owner in the condition such Equipment is required to be maintained hereunder. For the purpose of delivering possession of any Item of Equipment to Owner as above required, Manager shall at its own cost, expense and risk:

(a) forthwith, but in any event within 30 days, assemble and place each such Item of Equipment upon such storage tracks as Owner may reasonably designate within the continental United States or, in the absence of such designation, as Manager may select;

(b) provide storage at the risk of Manager for each Item of Equipment on such tracks without charge for insurance, rent or storage until such Equipment has been sold, leased, or otherwise disposed of by Owner; and

(c) transport the Equipment to any place of interchange on the lines of a railroad within a 25-mile radius of such storage tracks, all as Owner may reasonably direct upon not less than thirty (30) days written notice to Manager.

SECTION 17. PERFORMANCE STANDARDS.

Manager agrees to use its best efforts to minimize maintenance, insurance, repair and other Operating Expenses. If Manager shall, directly or through any affiliated entity, furnish any work, labor or materials as an Operating Expense the cost thereof shall in no event exceed the normal and customary charges by private shops therefor.

If Manager shall fail to pay an Operating Expense when due, and after five (5) days written notice thereof by Owner, unless the payment thereof is deferred by contest being conducted by Manager, Owner may pay the same and Manager shall forthwith reimburse Owner out of Gross Receipts, which reimbursement shall be deemed an Operating Expense hereunder.

SECTION 18. NO TRANSFER BY MANAGER.

Manager shall not sell, assign or transfer any or all of its rights or interests in, to or under this Agreement without first obtaining the written consent of Owner, which consent may be withheld by Owner if, in Owner's reasonable business judgment, such sale, transfer or assignment would materially adversely affect it under this Agreement, but in any event Manager shall remain liable for the full performance of all of the obligations of Manager under this Agreement. For purposes hereof any sale or issuance of stock of Manager in a transaction or series of transactions in which control of Manager changes shall be deemed a sale of Manager's interest under this Agreement.

Nothing in this Section 18 shall be deemed to restrict the right of Manager to assign or transfer its interest under this Agreement to any corporation, now controlled, now under common control with or now controlling Manager, (which shall have duly assumed in writing the obligations hereunder of Manager) into or with which Manager shall have become merged or consolidated or which shall have acquired all, or substantially all, of the property of Manager; provided, however, that any such assignee, successor or transferee will not, after giving effect to such merger or consolidation or acquisition of properties, (a) be in default under any provisions of this Agreement, (b) have a net worth (determined in accordance with generally accepted principles of accounting) less than 90% of that of Manager immediately preceding such merger, consolidation or acquisition, and (c) have altered in any way Manager's obligations to Owner hereunder, which shall be and remain those of a principal and not a guarantor.

SECTION 19. NO JOINT VENTURE OR PARTNERSHIP.

Owner and Manager recognize and acknowledge that this Agreement is not intended to create a partnership, joint

venture or other entity between Owner and Manager. Manager shall not take any action or engage in any course of dealing which would suggest or create an inference that there is any such understanding or agreement. Manager shall not have any authority to (i) offer for sale, contract or agree to sell or sell any Cars except as Owner may from time to time hereafter expressly request or direct; or (ii) cause the Cars to be reclassified without the consent of Owner.

SECTION 20. FOREIGN USAGE.

Manager shall promptly report to Owner any usage of any Car outside of the United States. Manager shall not permit any Car to be used in a manner or by an entity which might, immediately or upon the passage of time, cause a loss, or recapture of or inability to claim the investment tax credit to Owner under Section 38 (and related sections) of the Internal Revenue Code of 1954, as amended.

SECTION 21. REPRESENTATIONS.

21.1 Representations and Warranties of Manager.
Manager represents and warrants to, and covenants and agrees with, Owner as follows:

(a) Manager is a corporation duly and validly organized and existing in good standing under the laws of the state of its incorporation and has all corporate power and authority to own its properties and carry on its business in the places where such properties are located and such business is conducted.

(b) Manager has the power and authority to enter into this Agreement. There is no action, suit or proceeding pending against Manager before or by any court, administrative agency or other governmental authority which brings into question the validity of, or might in any way impair, the execution, delivery or performance by Manager of this Agreement.

(c) The execution and delivery of this Agreement by Manager and the performance by it of its obligations

hereunder have been duly authorized by all necessary corporate action of Manager and do not violate or conflict with (i) any provision of Manager's Certificate of Incorporation or By-Laws, (ii) any law or any order, writ, injunction, decree, rule or regulation of any court, administrative agency or any other governmental authority, or (iii) any restriction, indenture or agreement to which Manager is a party or by which Manager is bound.

(d) This Agreement constitutes the valid and binding obligations of Manager enforceable in accordance with its terms.

(e) Manager is not subject to any restriction, indenture or agreement which, with or without the giving of notice, the passage of time, or both, prohibits or would be violated by, the execution, delivery or consummation of this Agreement or which by its terms causes or will cause any security interest to attach to the Equipment. All consents necessary for such execution, delivery or consummation by Manager have been obtained.

(f) There is no action, suit or proceeding threatened or pending against Manager before or by any court, administrative agency or other governmental authority which brings into question the validity of, or might in any way impair, the execution and delivery by Manager of this Agreement and the performance by Manager of its obligations hereunder.

21.2 Representations and Warranties of the Owner.
The Owner represents and warrants to, and agrees with, the Manager as follows:

(a) Owner has the power and authority to enter into this Agreement and to carry out the transactions contemplated hereunder and the execution, delivery and performance of this Agreement by Owner have been duly authorized by all necessary action of Owner.

(b) The execution and delivery of this Agreement and the performance by it of its obligations hereunder do

not violate or conflict with, (i) any law or any order, writ, injunction, decree, rule or regulation of any court, administrative agency or any other governmental authority, or (ii) any agreement to which Owner is a party or by which Owner is bound. There is no action, suit or proceeding against Owner before any court, administrative agency or other governmental authority which brings into question the validity of, or might in any way impair, the execution, delivery or performance by Owner of this Agreement.

(c) This Agreement constitutes the valid and binding obligations of Owner enforceable in accordance with its terms.

(d) Owner is not subject to any restriction or agreement which, with or without the giving of notice, the passage of time, or both, prohibits or would be violated by, the execution, delivery and consummation of this Agreement and transactions herein referred to. No consents are necessary for such execution, delivery and consummation by Owner.

(e) Owner is not a party to any indenture, mortgage, deed of trust or other written agreement of any nature whatsoever which by its terms causes any security interest to attach or hereafter to attach to the Equipment or Revenues in any manner, except as provided in Section 22 hereof.

SECTION 22. FINANCING.

Manager hereby agrees that in the event Owner hereafter borrows funds from a bank or other lending institution (the "Lender") and, in connection therewith, the Lender requires that it be granted a first security interest in the Equipment and Revenues, Manager will subordinate its interest in Revenues to that of the Lender provided the terms of such loan do not exceed the limitations relating thereto set forth in the next succeeding paragraph. The foregoing shall not, however, diminish or otherwise affect Owner's obligations under this Agreement, including, without limitation, its obligation to reimburse Manager for all Operating Expenses within 30 days after the end of each calendar quarter in the event Revenues, after payment of debt

service to such Lender, are insufficient to pay Operating Expenses for such calendar quarter, as more particularly provided in Section 2 hereof.

With respect to any such loan (or loans in the aggregate) (a) the principal amount of such loan shall not exceed 40% of the purchase price paid by Owner for the Equipment, and (b) the principal amount of, and interest payable on, such loan shall be payable in equal constant consecutive quarterly (or monthly) payments of combined interest and principal not in excess of \$19,500 per quarter (or \$6,500 per month) over a period of not less than 10 years from the date such loan is made.

In the event Owner obtains any such loan, the order of priority under which Manager disburses Revenues as set forth following the second paragraph in Section 2.1 of this Agreement shall be amended, without further act or deed, as follows:

"(i) First, to pay to the Lender, when due, any payment of debt service required to be made under such loan; provided notice is given by Owner as to such requirement;

"(ii) second, to pay all Operating Expenses theretofore incurred but not paid;

"(iii) third, to reimburse Manager for all Operating Expenses advanced by Manager, which advances have not been reimbursed by Owner whether or not such reimbursement is required hereunder; and

"(iv) fourth, the balance to Owner as provided for in Section 2.3 hereof."

Further, Manager hereby agrees to amend Section 2.3 hereof to provide for monthly disbursement dates with respect to payments of debt service in the event the Lender so requires.

In addition, in the event Owner obtains any such loan, Manager agrees to execute and deliver any and all documents reasonably requested by Lender in order to acknowledge to the Lender that the Manager's interest in Revenues under this Agreement is subject and subordinate to the interest in revenues of the Lender, and Manager agrees to mark the Equipment in such manner as is requested by the Owner to reasonably protect the interests of the Lender in the Equipment.

In the event Owner obtains any loan complying with the provisions set forth above, Manager agrees that if the Gross Receipts derived during any period of 12 consecutive months commencing after September 30, 1985 shall be insufficient to pay the periodic payments of principal and interest due on account of such loan and the Lender has exercised (or has indicated in writing that unless such payments are made it will exercise) its right to accelerate such loan and/or foreclose upon the Equipment, Owner may then terminate this Agreement and will not be liable to Manager for additional Management Fees as provided in the second paragraph of Section 2.2, whether or not Gross Receipts derived during this Agreement shall have equalled or exceeded 65% of Maximum Utilization, unless, however, Manager shall advance (which it shall have the right, but not the obligation so to do) such payments of debt service such that the Lender shall not accelerate the loan and/or foreclose upon the Equipment (or shall revoke any prior acceleration or foreclosure proceedings). In the event Manager so advances any such payments of debt service, such advances shall be treated in all respects and be repayable by Owner in the same manner as Management Fees.

23. SALE OF THE EQUIPMENT BY OWNER.

23.1 Sale Subject to This Agreement. Owner may sell any or all of the Equipment, provided that the purchaser thereof shall have assumed in writing in form reasonably satisfactory to Manager, all of Owner's duties and obligations to Manager pursuant to this Agreement with respect to such Equipment and shall have provided Manager with certified financial statements as of a recent date demonstrating its reasonable financial stability; provided, further, that if such financial statements show that the difference between such purchaser's total assets and total liabilities is less than seven million dollars (\$7,000,000), then, notwithstanding any provisions of this Agreement to the contrary, Manager shall not be required to advance any funds to pay Operating Expenses, in excess of Net Revenues with respect to the Equipment so sold and such purchaser shall be required promptly upon notice from Manager to pay Operating Expenses

in excess of the funds available.

23.2 Sale Free of this Agreement. Owner will not sell any Item of Equipment prior to September 18, 1985 except as provided in Section 23.1. Thereafter Owner may sell all or any Items of Equipment provided that it shall have exercised its option to terminate this Agreement as provided in Section 3 hereof.

SECTION 24. MISCELLANEOUS.

24.1 Additional Documents. Each party hereto shall execute and deliver all such further instruments and documents and make all filings as may reasonably be requested by the other party in order to fully carry out the intent and accomplish the purposes of this Agreement and the transactions referred to herein.

24.2 Specific Performance. In the event of a breach or threatened breach by either party to this Agreement or any of such party's obligations hereunder, such party acknowledges that the other party will not have an adequate remedy at law and shall be entitled to such equitable and injunctive relief as may be available to restrain a violation or threatened violation of the provisions of this Agreement or to enforce the provisions hereof. Nothing herein shall be construed as prohibiting such other party from pursuing any other remedies available to such party for such breach or threatened breach, including the recovery of damages.

24.3 Notices. Any notice, request, or communication required or permitted to be given by either party hereto to the other shall be deemed to have been given when deposited in the United States certified mail, first class, postage prepaid, addressed as follows:

If to the Manager:

Funding Systems Railcars, Inc.
c/o FSC Corporation
Suite 404
1000 RIDC Plaza
Pittsburgh, PA 15238

ATTENTION:

Vice President

If to the Owner:

American Leasing Investors
660 Newport Center Drive
Newport Beach, California 92660

with a copy to

Integrated Resources, Inc.
295 Madison Avenue
New York, New York 10017

ATTENTION:

Stephen Goldsmith

plus such additional addressees as either may designate by notice hereunder, or addressed to any such party at such other address as such party shall hereafter furnish to such other parties in writing.

24.4 Amendments. This Agreement may be amended or varied only by a document, in writing, of even or subsequent date hereto, executed by Owner and Manager.

24.5 Successors and Assigns. Subject to the provisions of Section 18, all covenants and agreements contained in this Agreement shall bind Manager and Owner and shall inure to the benefit of the successors, assigns, and transferees of Manager, to the extent assignment is permitted hereunder, and Owner, in the same manner and to the same extent and with like effect as if such successors and assigns were named in such covenants and agreements and were made parties to this Agreement. Except as provided for in this Section 22 nothing contained in this Agreement is intended to create any rights in any third persons, including, without limitation, any Users or any persons claiming through or under any Users.

24.6 Execution in Counterparts. This Agreement may be executed in several counterparts, but the counterpart delivered to ICC for recordation and subsequently redelivered to Owner shall be deemed to be the original counterpart.

24.7 Law Governing. This Agreement shall be construed in accordance with the laws of the State of New York; provided, however, that the parties shall be entitled to all rights conferred by 49 U.S.C. Section 11303 of the Interstate Commerce Act and such additional rights arising out of the filing, recording or deposit hereof, if any, and of any assignment hereof as shall be conferred by the laws of the several jurisdictions in which this Agreement or any assignment hereof shall be filed, recorded or deposited.

24.8 Headings and Table of Contents. All section headings and the Table of Contents are inserted for convenience only and shall not affect any construction or interpretation of this Agreement.

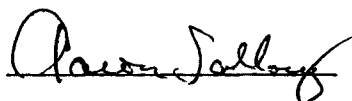
24.9 Severability; Effect and Modification of the Agreement. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall be as to such jurisdiction ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provisions in any other jurisdiction.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereto duly authorized and their corporate seals to be hereto affixed as of the day and year first above written.

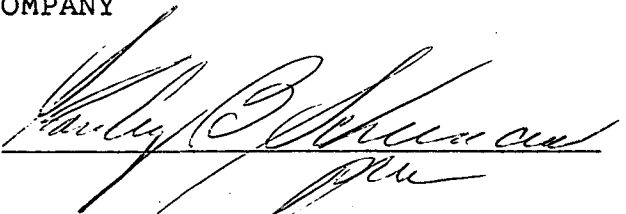
[CORPORATE SEAL]

ATTEST:

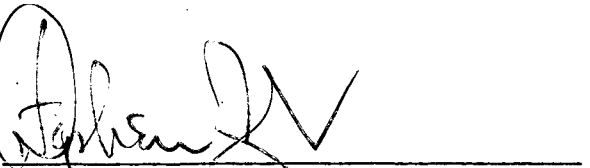
By: 

By: 

UPPER MERION AND PLYMOUTH RAILROAD
COMPANY

By: 

AMERICAN LEASING INVESTORS

By: 
Sec VP, SP

STATE OF NEW YORK)

: ss.:

COUNTY OF NEW YORK)

On this 19th day of October, 1979, before me personally appeared STANLEY B. SCHEINMAN, to me personally known, who being by me duly sworn, did depose and say that he is the President of Upper Merion and Plymouth Railroad Company, the corporation which executed the foregoing Agreement and that the seal affixed to the foregoing Agreement is the corporate seal of said coproatoin, that said Agreement was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing Agreement was the free act and deed of said corporation.

Helen L. Leibowitz
Notary Public

HELEN L. LEIBOWITZ
Notary Public, State of New York
No. 41-4673967
Qualified in Queens Co.
Commission Expires March 30, 1981

STATE OF NEW YORK)
 : ss.:
COUNTY OF NEW YORK)

On this 19th day of October, 1979, before me personally appeared STEPHEN GOLDSMITH, to me personally known, who being by me duly sworn, did depose and say that he is the Executive Vice President of the Managing Partner of AMERICAN LEASING INVESTORS, a limited partnership organized under the laws of the State of California, the partnership described in and who executed the foregoing Agreement as his free act and deed.

Helen L. Leibowitz
Notary Public

HELEN L. LEIBOWITZ
Notary Public, State of New York
No. 41-4673967
Qualified in Queens Co.
Commission Expires March 30, 1981



SCHEDULE A

The Equipment consists of fifty-eight (58) 100 ton Chessie System Design, open top hopper cars bearing road identifying numbers Upper Merion and Plymouth Railroad Company ("UMP") 7200 through UMP 7232, inclusive, and Missouri Public Service Company ("MPSX") 2001 through MPSX 2025, inclusive, all of which were manufactured by The Chessie Corporation ("Chessie") under Agreement made with Funding Systems Railcars, Inc. ("Railcars") dated June 12, 1979.

Agreement date August 20, 1979 among Chessie, Railcars and GEO-Energy Limited.

Lease Agreement dated as of September 4, 1979 between UMP and MPSX.

SCHEDULE B

CERTIFICATE OF ACCEPTANCE UNDER
MANAGEMENT AND MAINTENANCE CONTRACT

TO:

I hereby certify that I am a duly appointed and authorized representative of Upper Merion and Plymouth Railroad Company under that certain Management and Maintenance Contract dated as of October 18, 1979 with American Leasing Investors.

I further certify that I have inspected, received, approved and accepted delivery under the Management and Maintenance Contract of the following Items of Equipment:

TYPE OF EQUIPMENT: 100 ton open-top hopper cars

PLACE ACCEPTED: Russell, Kentucky

NUMBER OF UNITS: 58

MARKED AND NUMBERED: UMP 7200-7232
MPSX 2001-2025

and certify to the matters described in Section 1.2 of said Management and Maintenance Contract.

The execution of this Certificate will in no way relieve or decrease the responsibility of the Builder for any warranties it has made with respect to the Equipment.

Dated: October __, 1979.
